

Introduction to The Influence of Warm Data on Risk Leadership

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Abstract: This paper would establish that organizations as a complex adaptive system are made up of interacting parts. The interaction generates data which is known as warm data. This type of data is nonlinear in nature and easily contextualize or map the interdependent variables and tail-risks that leaders and decision makers face on a day-to-day basis in a system. Up until now, there has been no computing way to deliver holistic signals and patterns that enable leaders and their teams to gain insight and foresight during interactions and conversations which help in uncovering and resolving their biases and blind spots. Warm data would assist leaders in cutting through the risk and fuzziness of complex internal and external environment in order to gain agility during ambiguity, clarity during complexity, understanding during uncertainty, optionality during instability, vision during volatility and certainty during chaos.

Keywords: Business Economics, Critical Thinking, Complexity, Conversation, Interaction, Leadership, Risk, Uncertainty, Warm Data.

I. INTRODUCTION

Today and tomorrow's organizations are complex adaptive systems (Schneider, M., & Somers, M. 2006). We know the parts that make up our organizations but not how they work, neither are we certain about their outcomes. And when outcomes vary from our desires, we don't know what to do to resolve the situation.

This phenomenon is so because organizations are made up of interacting parts (Richardson, K. A. 2008). According to (Goh, S. C. 1998) there are five strategic building blocks towards learning organizations such as Mission and Vision, Leadership, Experimentation, Transfer of Knowledge and Team and Cooperation. All these parts interact together in real time and in nonlinear ways producing multiple contexts that must be understood by leaders in achieving the desired objectives and outcomes) Bos-de Vos, M., Deken, F., & Kleinsmann, M. 2022).

These multiple contexts are the reason an organization is its interactions. The condition of these interactions is alive in conversations (Pangaro, 2002). These conversations are living systems (Brown, J. 2002); hence it is the condition of these interactions and strategic conversations that lead to organizational transformation (Chesley, J. A., & Wenger, M. S. 1999) in our ever fast changing and turbulent business environments.

II. LITERATURE REVIEW

Every organizational transformation implies surviving and thriving in the unknowns (Renukadevi, R., & Vignesh, I. 2015). Every surviving and thriving in the unknowns require leadership (Fullan, M. (2011). Therefore, risk leadership can be safely defined as the condition that enables the continuous elevation and transformation of an organization in the unknowns. It is leadership under uncertainty or the in the face of uncertainty.

It becomes apparent that business leaders must ensure that this condition is operational in their organizations no matter the type and size. Furthermore, every organization must recognize two businesses, the present and future. Some within organizations are tasked with improving performance of the present- day business and they use the current interaction or language to increase efficiency (Pangaro, 2002).

Some other people are also tasked with generating opportunities for the organization's future business (Galbraith, J. R. (1982). These people must recognize new domains of invention and translate them into new language or interactions that may lead to profitable new endeavours. It is clear that for our organizations to learn and grow both kinds of people are necessary. The interaction and language between these two polarities is also necessary and must be structured and systematized.

Unfortunately, those in the present and future businesses of an organization carry different mental models that are often conflicting. The case for risk leadership is even worse and fuzzy (Zadeh, L. A., et al. 1987) when one considers that each individual in their roles and responsibilities have their own mental models, assumptions and perspectives as regards the internal and external context of the organization. In these conditions, uncertainty increases and becomes a source of stress, fear, fire fighting, wrong decisions, bad executions and poor organizational performance (Kavanagh, J. 2005).

Then, the big question remains how do we structure and systematize the varying, fundamental and unbalanced conversations and interactions within and outside an organization in such a way that underlying assumptions throughout the organization are uncovered, synthesized and visualized by all, in continuously reshaping, strengthening and elevating critical reasoning, judgment, decisions, communication of perspective, collaboration, monitoring and

making sense of complexity and uncertainty in a quantified way?

The solution to how risk leadership can be operationalized in any organization, so that uncertainty is reduced while embracing continuous transformation and improved performance in the unknowns is apparent; because risk leadership is about advancing people and helping them uncover, synthesize and visualize their assumptions in order to improve the way they reason and judge precedented and unprecedented situations in such a way that better business outcomes are continuously achieved.

Interestingly, (Pangaro 2002) in the book titled “Notes on the role of leadership and language in regenerating organizations”, inferred:

- That strengthened and elevated critical reasoning and judgment leads to better communication of perspectives and conversations

- Conversations lead to agreement
- Agreement leads to coordinated action or transaction
- Transaction over time leads to trust
- Trust helps us ask counterintuitive questions
- Counterintuitive questions lead to sense making
- Sense making lead to new perspectives
- New perspectives lead to innovation
- Innovation leads to new language
- New language is expressed in new conversations
- And the loop of transformation continues.

It is evident to the researcher from the above logic that risk leadership engineer reliance with the agency of reliable people. Today, many corporations, regulators and governments today invest so much in compliance programs. However, compliance is an emerging behaviour of reliable people. Only reliable people, comply.

The greatest need for today and tomorrow's organizations that would survive and thrive in the unknowns is to have reliable people (Paykani, T., Zimet, G. D., Esmaeili, R., Khajedaluae, A. R., & Khajedaluae, M. 2020). However, reliable people can only emerge from the condition where multiple contexts and assumptions are uncovered, synthesized, quantified and visualized to generate a new kind of data which (Bateson, N. 2016) referred to as warm data. Warm Data can be defined as information about the interrelationships that integrate a complex system (Bateson, N. 2017).

To understand the concept of warm data, it may be helpful to start with what they are not. Any data that does not take into account the inter-relationality, interdependency, multi-stakeholder and multidimensional context of a system is known as cold or statistical data (Bateson, N. 2017). Statistical data are often taken out of their context to be studied; they are not contextual systemic data (Bateson, N. 2017). This is because statistical data is based on a reductionistic or single context approach (Henricksen, K., & Indulska, J. 2006) to understanding systems or situations.

This reductionism leaves much to be desired when it comes to understanding, experiencing and appreciating the multiple contexts in which many of today's organization's complex issues unfold. Warm data, on the other hand, focus less on the qualities attributed to individual elements in a complex adaptive system such as our organizations, but rather on the patterns and dynamics that drive the interrelationships between elements that make up such a system.

It is important to note that the kind of data known as cold or statistical data that got businesses and economies of the world into trouble can't help us out of them. As (Bateson, N. 2017) argued that statistical or cold data ignores the full scope of inter-relationality in a system which is likely to inspire misguided decision making, thereby producing additional destructive patterns in an effort to remedy the issue.

Warm data puts statistical data back into context as it becomes a meta data, “data about data” according to (Riley, J. (2017) which support decision makers in closing the gap between their perspective of the current states and future states of the organization. Warm data helps leaders make sense and navigate business shocks and perturbations by solving unstructured and messy problems quickly. Warm data can then be seen as antifragile (Taleb 2013) in nature as it helps decision makers see and create options quickly to survive and thrive through uncertainty.

Hence, the researcher mentioned earlier that organizations are made up of interacting parts. Therefore, the day-to-day organizational warm data that holds the multidimensional contextual entanglements intact could be the needed key that leaders and decision makers need to investigate the behaviour of interdependent variables and capture the dynamic interactions of the phenomenon under study (Jamshid Gharajedaghi 2011).

This way, warm data strengthens leadership under uncertainty which delivers near-real time holistic signals and trans-contextual information (Bateson, N. 2021) to leaders, no matter their roles and responsibilities in creating actionable intelligence faster in order to make timely and better-informed trade-offs, collaborative and quality decisions and actions the first time around.

This implies that warm data helps to strengthen the anticipatory, agile, resilient and adaptive perspectives and capabilities of decision makers to develop conversations and strategies that can survive even without knowing the future. Warm data support leaders in easily and critically thinking through dynamical systems, complexity, probabilities and time. This implies without warm data, the grey areas of probabilities, dynamical systems, complexity and time would remain a challenge for most leaders, leading to poor judgment, misinformed decisions, weak communication, bad advice, naïve collaboration, non-agile learning (Francois, J. H), monitoring and reporting.

III. CONCLUSION

It is apparent that any data that de-contextualizes (Bateson, N. 2016) are not effective at improving the performance of leadership in the face of today's radical uncertainty because de-contextualization removes outliers from data) Wheeler, D. J. 2009).

However, warm data is a non-reductionistic approach which provides structure of systematizing the varying, fundamental and unbalanced conversations and interactions within and outside an organization in such a way that the underlying assumptions throughout the organization are uncovered, synthesized and visualized by all through holistic visual signals (Wilcock, K. J. G. 2012) in continuously reshaping, strengthening and elevating critical reasoning, judgment, decisions, communication of perspective, collaboration, monitoring and making sense of complexity and uncertainty in a quantified way.

Moreover, for there to be good risk leadership in any type and size of organization, there must be the continuous availability of warm data on a day-to-day basis in order to provide better critical thinking, judging, deciding, communicating, collaborating and learning. Throughout this work, we've inferred from (Bateson, N. 2021) about warm data as information about the interrelationships that connect elements of a complex adaptive system such as our organizations. In another way, warm data is trans-contextual information. Warm Data captures the qualitative dynamics and offers another dimension of understanding to what is learned through quantitative statistical data as seen in (Bateson, N. 2017).

Finally, the researcher in this opinion article is posing for further research, perhaps there are breakthrough tools to help organizations generate warm data, the "data about data" which would on a day-to-day basis, uncover trans-contextualized information for leaders at all levels throughout an organization in making better, wiser and more sustainable decisions that improve business economics under uncertainty.

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